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In the Supreme Court of the United States

OCTOBER TERM, 1927

No. ———

UNITED STATES OF AMERICA, PETITIONER,

v.

FLORENCE E. WILLIAMS

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF

The United States of America prays that a writ of certiorari issue to review the judgment of the United States Circuit Court of Appeals for the Third Circuit entered in the above case on January 10, 1928 (R. 33), reversing the judgment of the District Court of the United States for the Western District of Pennsylvania.

QUESTION PRESENTED

The question presented in this case is whether a District Court of the United States has jurisdiction under Paragraph 20 of Section 24 of the Judicial Code of a suit against the United States brought by a beneficiary claiming under an adjusted service

certificate issued pursuant to the World War Adjusted Compensation Act (Act of May 19, 1924, c. 157, 43 Stat. 121) to recover the amount of money provided for in such certificate.

STATUTES INVOLVED

Paragraph 20 of Section 24 of the Judicial Code gives to the District Courts original jurisdiction—

> concurrent with the Court of Claims of all claims not exceeding ten thousand dollars founded upon the Constitution of the United States or any law of Congress, or upon any regulation of an executive department, or upon any contract, express or implied, with the Government of the United States, or for damages, liquidated or unliquidated, in cases not sounding in tort, in respect to which claims the party would be entitled to redress against the United States, either in a court of law, equity, or admiralty, if the United States were suable * * * *Provided, however*, That nothing in this paragraph shall be construed as giving to either the district courts or the Court of Claims jurisdiction * * * to hear and determine claims for pensions * * *.

The pertinent provisions of the World War Adjusted Compensation Act (c. 157, 43 Stat. 121) and of the Act of July 3, 1926 (c. 751, 44 Stat. 826), amendatory thereof, are set forth in the appendix.

STATEMENT OF THE CASE

On April 23, 1926, respondent filed her petition in the District Court of the United States for the

Western District of Pennsylvania (R. 3) and on July 22, 1926, the Government filed its affidavit of defense raising questions of law (R. 9). On July 27, 1926, respondent filed certain amendments to her petition (R. 10), the Government consenting to the filing thereof without an order of court (R. 11, 12).

The District Court sustained the Government's affidavit of defense, which under the Pennsylvania practice is substantially a demurrer, and dismissed the suit for lack of jurisdiction. (R. 28.) Respondent procured a writ of error and upon a hearing thereof the Circuit Court of Appeals for the Third Circuit reversed the judgment of the District Court, held that the District Court had jurisdiction, and remanded the case for further proceedings. (R. 33–35.)

The respondent alleged in her petition, as amended, that the United States, through the Director of the Veterans' Bureau, issued to William C. Williams upon his application and pursuant to the provisions of the World War Adjusted Compensation Act, an adjusted-service certificate dated January 1, 1925, wherein and whereby the United States certified that pursuant to said Act the amount therein named should become due and payable on the first day of January, 1945, to the veteran, or, upon the death of the veteran prior to the due date above named, the amount therein stated should become due and payable to the beneficiary named by the veteran (R. 3–4); that said certificate

was in the possession of the Director of the Veterans' Bureau but he had forwarded a photostatic copy thereof to the United States District Attorney for use in this case, and that a copy thereof was attached to the petition (R. 10).

The copy of said certificate attached to the petition is contained in the record at pages 12–19, and is as follows:

ADJUSTED SERVICE CERTIFICATE

THE UNITED STATES OF AMERICA

IT IS HEREBY CERTIFIED that pursuant to The World War Adjusted Compensation Act and in conformity with the laws of the United States, the amount herein named, Eight Hundred Sixty-seven Dollars, ($867.00), less any indebtedness including interest, lawfully incurred and due hereon, shall become due and payable on the first day of January, 1945, to WILLIAM C. WILLIAMS, A3081035, whose address is 541 Wildwood street, Verona, Pa., herein referred to as the veteran, or, upon the death of the veteran prior to the due date above named, the amount hereinabove stated shall become due and payable to the beneficiary named by the veteran, except that if such beneficiary dies before the veteran and no new beneficiary is named, or if the beneficiary in the first instance has not been named, then the amount as stated will become due and payable to the estate of the veteran.

This Certificate is issued by the Director of the United States Veterans Bureau, here-

inafter referred to as the Director, in compliance with Section 501 of Title V of The World War Adjusted Compensation Act and is subject to all the provisions of that Act and regulations prescribed thereunder from time to time by the Director.

The amount due under this Certificate will be paid upon presentation of the Certificate with form "Demand for Payment" appearing on the reverse side hereof, duly executed and certified and accompanied by such proof of identity and right to receive payment as may be prescribed, to the Director, in the City of Washington, District of Columbia, or at such agency or agencies as the Director may designate, and in accordance with such rules and regulations as the Director may prescribe. Execution of form "Demand for Payment" is not a requirement for payment, to an incorporated bank or trust company on account of loans, as authorized in Section 502 of Title V of The World War Adjusted Compensation Act.

The veteran may, with the approval of the Director, change the beneficiary of this Certificate. Change of beneficiary is subject to such regulations as the Director may prescribe.

Neither this Certificate nor any right conferred herein, or incidental thereto, shall be negotiable, or assignable, or serve as security for any loan except as provided in Section 502 of Title V of The World War Adjusted Compensation Act here set forth:

SEC. 502. (a) A loan may be made to a veteran upon his adjusted service certificate only in accordance with the provision of this section.

(b) Any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession or the District of Columbia (hereinafter in this section called "bank"), is authorized, after the expiration of two years after the date of the certificate, to loan to any veteran upon his promissory note secured by his adjusted service certificate (with or without the consent of the beneficiary thereof) any amount not in excess of the loan basis (as defined in subdivision (g) of this section) of the certificate. The rate of interest charged upon the loan by the bank shall not exceed, by more than 2 per centum per annum, the rate charged at the date of the loan for the discount of 90-day commercial paper under Section 13 of the Federal Reserve Act by the Federal reserve bank for the Federal reserve district in which the bank is located. Any bank holding a note for a loan under this section secured by a certificate (whether the bank originally making the loan or a bank to which the note and certificate have been transferred) may sell the note to, or discount or rediscount it with, any bank authorized to make a loan to a veteran under this section and transfer the certificate to such bank. Upon the indorsement of any bank, which shall be deemed a waiver of demand, notice,

and protest by such bank as to its own indorsement exclusively, and subject to regulations to be prescribed by the Federal Reserve Board, any such note secured by a certificate and held by a bank shall be eligible for discount or rediscount by the Federal reserve bank for the Federal reserve district in which the bank is located. Such note shall be eligible for discount or rediscount whether or not the bank offering the note for discount or rediscount is a member of the Federal Reserve System and whether or not it acquired the note in the first instance from the veteran or acquired it by transfer upon the indorsement of any other bank. Such note shall not be eligible for discount or rediscount unless it has at the time of discount or rediscount a maturity not in excess of nine months exclusive of days of grace. The rate of interest charged by the Federal reserve bank shall be the same as that charged by it for the discount or rediscount of 90-day notes drawn for commercial purposes. The Federal Reserve Board is authorized to permit, or on the affirmative vote of at least five members of the Federal Reserve Board to require, a Federal reserve bank to rediscount, for any other Federal reserve bank, notes secured by a certificate. The rate of interest for such rediscount shall be fixed by the Federal Reserve Board. In case the note is sold, discounted, or rediscounted the bank making the transfer shall promptly notify the veteran by mail at his last known post-office address.

(c) If the veteran does not pay the principal and interest of the loan upon its maturity, the bank holding the note and certificate may, at any time after maturity of the loan but not before the expiration of six months after the loan was made, present them to the Director. The Director may, in his discretion, accept the certificate and note, cancel the note (but not the certificate), and pay the bank, in full satisfaction of its claim, the amount of the unpaid principal due it, and the unpaid interest accrued, at the rate fixed in the note, up to the date of the check issued to the bank. The Director shall restore to the veteran, at any time prior to its maturity, any certificate so accepted, upon receipt from him of an amount equal to the sum of (1) the amount paid by the United States to the bank in cancellation of his note, plus (2) interest on such amount from the time of such payment to the date of such receipt, at 6 per centum per annum, compounded annually.

(d) If the veteran fails to redeem his certificate from the Director before its maturity, or before the death of the veteran, the Director shall deduct from the face value of the certificate (as determined in section 501) an amount equal to the sum of (1) the amount paid by the United States to the bank on account of the note of the veteran, plus (2) interest on such amount from the time of such payment to the date of maturity of the certificate or of the death of the veteran, at the rate of 6 per centum per annum,

compounded annually, and shall pay the remainder in accordance with the provisions of section 501.

(e) If the veteran dies before the maturity of the loan, the amount of the unpaid principal and the unpaid interest accrued up to the date of his death shall be immediately due and payable. In such case, or if the veteran dies on the day the loan matures or within six months thereafter, the bank holding the note and certificate shall, upon notice of the death, present them to the Director, who shall thereupon cancel the note (but not the certificate) and pay to the bank, in full satisfaction of its claim, the amount of the unpaid principal and unpaid interest, at the rate fixed in the note, accrued up to the date of the check issued to the bank; except that if, prior to the payment, the bank is notified of the death by the Director and fails to present the certificate and note to the Director within fifteen days after the notice, such interest shall be only up to the fifteenth day after such notice. The Director shall deduct the amount so paid from the face value (as determined under section 501) of the certificate and pay the remainder in accordance with the provisions of section 501.

(f) If the veteran has not died before the maturity of the certificate, and has failed to pay his note to the bank or the Federal reserve bank holding the note and certificate, such bank shall, at the maturity of the certificate, present the note and certificate to the Director, who shall thereupon cancel the note

(but not the certificate) and pay to the bank, in full satisfaction of its claim, the amount of the unpaid principal and unpaid interest, at the rate fixed in the note, accrued up to the date of the maturity of the certificate. The Director shall deduct the amount so paid from the face value (as determined in section 501) of the certificate and pay the remainder in accordance with the provisions of section 501.

(g) The loan basis of any certificate at any time shall, for the purpose of this section, be an amount which is not in excess of 80 per centum of the reserve value of the certificate on the last day of the current certificate year. The reserve value of a certificate on the last day of any certificate year shall be the full reserve required on such certificate, based on an annual level net premium for twenty years and calculated in accordance with the American Experience Table of Mortality and interest at 4 per centum per annum, compounded annually.

(h) No payment upon any note shall be made under this section by the Director to any bank, unless the note when presented to him is accompanied by an affidavit made by an officer of the bank which made the loan, before a notary public or other officer designated for the purpose by regulation of the Director, and stating that such bank has not charged or collected, or attempted to charge or collect, directly or indirectly, any fee or other compensation (except interest as authorized by this section) in respect of any

loan made under this section by the bank to a veteran. Any bank which, or director, officer, or employee thereof who, does so charge, collect, or attempt to charge or collect any such fee or compensation, shall be liable to the veteran for a penalty of $100, to be recovered in a civil suit brought by the veteran. The Director shall upon request of any bank or veteran furnish a blank form for such affidavit.

Any negotiation, assignment or loan made in violation of any provision of the foregoing section of the law shall be void.

The loan value of this Certificate increases yearly after the second year. Under the loan table shown below one dollar is taken as a basis and the loan value thereof is shown opposite the yearly periods. To find the loan value of this Certificate at any time multiply the face value by the loan value on one dollar shown opposite the number of years corresponding to the number of years that have elapsed from the effective date of the Certificate.

Table of loan values on this certificate

20 years	Loan basis per $1	32 years	Loan basis per $1
2	.08703	11	.43550
3	.11999	12	.48199
4	.15352	13	.53584
5	.18861	14	.58919
6	.22532	15	.64522
7	.26375	16	.70409
8	.30398	17	.76592
9	.34612	18	.83123
10	.39025	19	.90000

Neither this Certificate nor any sum payable to a veteran, or to his estate, or to any beneficiary under this Certificate, nor pro-

ceeds of any loan made on this Certificate shall be subject to attachment, levy or seizure under any legal or equitable process, or to National or State taxation.

All rights under this Certificate are effective from the first day of January, 1925.

Age 32.

Given at the Central Office of the United States Veterans Bureau, in the city of Washington, District of Columbia, this First day of January, One Thousand Nine Hundred and Twenty Five.

No. 2034866

FRANK T. HINES,
Director, United States Veterans Bureau.

O. W. CLARK,
Chief, Adjusted Compensation Division.

(SEAL.)

The petition also alleged that respondent was the wife of said veteran and the beneficiary named in said certificate (R. 4); that the veteran died on August 13, 1925, and there became immediately due and payable to the respondent the sum of $867.00 (R. 6, 10, 11); and that although respondent had filed proof of claim and had complied with all requirements of law and of the Director of the Veterans' Bureau concerning the making and filing of said proof of claim, and had demanded payment, such payment had not been made. (R. 6.)

The Government has contended that a claim upon an adjusted service certificate issued under the pro-

visions of the World War Adjusted Compensation Act is a claim for a pension, and that since the statute giving the District Courts jurisdiction of claims against the United States expressly excepts claims for pensions, the District Court had no jurisdiction. The District Court held that the amount granted by the Adjusted Compensation Act was a gratuity plainly in the nature of a pension and that the District Court did not have jurisdiction. (R. 26.) The Circuit Court of Appeals held that the certificate which was issued was in substance a paid-up insurance policy and an undertaking by the Government to pay upon the happening of certain events which had happened and that the District Courts had jurisdiction. (R. 34, 35.)

SPECIFICATION OF ERRORS

1. The Circuit Court of Appeals erred in holding that the claim here sued upon was a contract.

2. The Circuit Court of Appeals erred in not holding that the claim here sued upon was a pension.

3. The Circuit Court of Appeals erred in holding that the District Court had jurisdiction of the claim here sued upon.

REASONS FOR GRANTING THE WRIT

The Government has issued adjusted service certificates to most of those who served in the World War. Millions of such certificates are now outstanding. It is of great importance to the holders

of these certificates, to those who have made loans thereon, and to the Government to have a final determination as to whether the courts have jurisdiction of suits brought upon such certificates.

Wherefore, it is respectfully submitted that this petition for a writ of certiorari to review the judgment of the Circuit Court of Appeals for the Third Circuit should be granted.

WILLIAM D. MITCHELL,
Solicitor General.

APRIL, 1928.

BRIEF IN SUPPORT OF THE PETITION

OPINION BELOW

The opinion of the District Court (R. 25) is not reported. The opinion of the Circuit Court of Appeals (R. 34) is reported in 23 F. (2d) 792.

JURISDICTION

The judgment of the Circuit Court of Appeals was entered on January 10, 1928. (R. 33.) The jurisdiction of this Court is invoked under Act of February 13, 1925.

STATEMENT

A statement of the facts and of the errors relied upon will be found in the petition.

ARGUMENT

The argument on behalf of the United States is that the term "pension," as used in the Tucker Act, includes all gratuities awarded by the Government in consideration of services rendered, and that Congress intended that such gratuities were to be distributed by the proper executive department of the Government without interference by the courts. The Adjusted Compensation Act was clearly gratuitous, and all rights conferred thereby were therefore in the nature of pensions. It is true that Pension Acts have ordinarily provided for regular pay-

ments at fixed intervals, ceasing upon the death of the pensioner, while the certificates issued under the Adjusted Compensation Act provide for a single payment to the veteran at the end of twenty years, or, upon his earlier death, to a beneficiary or the veteran's estate. But the distinguishing characteristic of a pension is that it is gratuitous, not that it is paid in installments at intervals or in a lump sum at one time.

Moreover, the provisions of the Adjusted Compensation Act protecting the benefits under the Act from attachment, levy, or seizure under any legal or equitable process, exempting them from National and State taxation, and imposing a penalty upon any person who charges or collects, or attempts to charge or collect, any fee or other compensation for assisting a veteran or his dependents in obtaining any of such benefits (Sections 308–309), are similar to the safeguards provided by Congress in the case of pensions. See *United States* v. *Hall*, 98 U. S. 343, 353–355.

Further evidence that Congress considered that the benefits conferred by the Adjusted Compensation Act are in the nature of pensions is found in the provision of Section 310, added by the Amendatory Act of July 3, 1926 (c. 751, 44 Stat. 826, 828), making the decisions of the Secretary of War, the Secretary of the Navy, and the Director of the Veterans' Bureau, on all matters within their respective jurisdictions under the provisions of the Adjusted Compensation Act, final and conclusive.

This indicates that the benefits conferred by the Act are to be awarded by the proper executive departments, not enforced by the courts. And in any event in the present case the Director of the Veterans' Bureau has decided that the respondent should not be paid, and, in the absence of bad faith, the provisions of Section 310 make this decision final and not subject to review by the courts unless the section is to be construed as applicable only to decisions on matters leading up and prior to the issuance of a certificate.

The United States contends that the benefits conferred by the Adjusted Compensation Act are clearly gratuitously conferred and in the nature of a pension, and that the issuance of a certificate does not change the nature of the benefits to which the veteran is entitled. The certificate is based on the Act and is no more than evidence of the benefits to be enjoyed thereunder. Payment of the certificate is therefore still gratuitous and in the nature of a pension.

The principal argument on behalf of the respondent is that, while the issuance of a certificate may be gratuitous, the certificate when issued is an enforceable obligation. The Circuit Court of Appeals said (R. 35):

> This suit is not brought to obtain a pension or gratuity which the United States had provided generally for persons in a named class, of which the plaintiff's decedent was a member, but to enforce an obli-

> gation which the United States had entered into formally and directly with the plaintiff's decedent and, through him, with her, the named beneficiary. Whether the certificate evidencing the undertaking of the United States is based on a contractual or a moral obligation is not a matter of present concern in view of the fact that the United States voluntarily recognized the obligation, and, on the decedent's proof of services rendered, formally and unconditionally assumed it.

It must be admitted that support for this view is found in Section 502 of the Adjusted Compensation Act, permitting a loan to be made to a veteran upon his adjusted service certificate, and in the provisions of Section 501 providing for payment of the amount of a certificate, upon the veteran's death, to a named beneficiary or the estate of the veteran, when contrasted with the provisions of Title VI which permit only dependents to succeed to the benefits of the Act upon the death of a veteran to whom a certificate has not been issued.

On questions which the Director of the Bureau is required to pass on preliminary to the issue of an adjusted service certificate, his decision may well be final. No such question is here presented. As the bill of complaint was originally drawn, it did question the decision of the Director as to the amount of the certificate. That feature was eliminated by amendments to the complaint, and recovery is now sought on the certificate as issued,

the defense, not disclosed, relating to something occurring since.

We feel that the weight of the argument may be with the court below.

This is a case in which the writ should issue only if this Court believes there is substantial doubt as to the soundness of the decision below. Since banks have loaned large sums on these certificates, believing, no doubt, they are obligations of the United States enforceable in the courts, the presentation of this petition seems justified.

Respectfully submitted.

WILLIAM D. MITCHELL,
Solicitor General.
HERMAN J. GALLOWAY,
Assistant Attorney General.
W. S. WARD,
Attorney.

APRIL, 1928.

APPENDIX

THE WORLD WAR ADJUSTED COMPENSATION ACT

Title I of the World War Adjusted Compensation Act contains definitions, and among others a definition of the term "veteran" as used in the Act as including "any individual, a member of the military or naval forces of the United States at any time after April 5, 1917, and before November 12, 1918," with certain exceptions not here material.

Title II, which is headed "Adjusted Service Credit" contains the following:

> SEC. 201. The amount of adjusted service credit shall be computed by allowing the following sums for each day of active service, in excess of sixty days, in the military or naval forces of the United States after April 5, 1917, and before July 1, 1919, as shown by the service or other record of the veteran: $1.25 for each day of oversea service, and $1 for each day of home service; but the amount of the credit of a veteran who performed no oversea service shall not exceed $500, and the amount of the credit of a veteran who performed any oversea service shall not exceed $625.

Title III, headed "General Provisions", contains the following:

BENEFITS GRANTED VETERANS

> SEC. 301. Each veteran shall be entitled:
>
> (1) To receive "adjusted service pay" as provided in Title IV, if the amount of his adjusted service credit is $50 or less;
>
> (2) To receive an "adjusted service certificate" as provided in Title V, if the

amount of his adjusted service credit is more than $50.

APPLICATION BY VETERAN

SEC. 302. (a) A veteran may receive the benefits to which he is entitled by filing an application claiming the benefits of this Act with the Secretary of War, if he is serving in, or his last service was with, the military forces; or with the Secretary of the Navy, if he is serving in, or his last service was with, the naval forces.

* * * * *

TRANSMITTAL OF APPLICATION

SEC. 303. (a) As soon as practicable after the receipt of a valid application the Secretary of War or the Secretary of the Navy, as the case may be, shall transmit to the Director of the United States Veterans' Bureau (hereinafter in this Act referred to as the "Director") the application and a certificate setting forth—

(1) That the applicant is a veteran;

(2) His name and address;

(3) The date and place of his birth; and

(4) The amount of his adjusted service credit together with the facts of record in his department upon which such above conclusions are based.

(b) Upon receipt of such certificate the Director shall proceed to extend to the veteran the benefits provided for in Title IV or V.

EXEMPTION FROM ATTACHMENT AND TAXATION

SEC. 308. No sum payable under this Act to a veteran or his dependents, or to his estate, or to any beneficiary named under Title V, no adjusted service certificate, and no proceeds of any loan made on such certificate, shall be subject to attachment, levy, or

seizure under any legal or equitable process, or to National or State taxation.

UNLAWFUL FEES

SEC. 309. Any person who charges or collects, or attempts to charge or collect, either directly or indirectly, any fee or other compensation for assisting in any manner a veteran or his dependents in obtaining any of the benefits, privileges, or loans to which he is entitled under the provisions of this Act shall, upon conviction thereof, be subject to a fine of not more than $500, or imprisonment for not more than one year, or both.

Title IV, headed "Adjusted Service Pay," provides:

SEC. 401. There shall be paid to each veteran by the Director (as soon as practicable after receipt of an application in accordance with the provisions of section 302, but not before March 1, 1925), in addition to any other amounts due such veteran in pursuance of law, the amount of his adjusted service credit, if, and only if, such credit is not more than $50.

SEC. 402. No right to adjusted service pay under the provisions of this title shall be assignable or serve as security for any loan. Any assignment or loan made in violation of the provisions of this section shall be held void. Except as provided in Title VI, the Director shall not pay the amount of adjusted service pay to any person other than the veteran or such representative of the veteran as he shall by regulation prescribe.

Title V, headed "Adjusted Service Certificates," contains the following:

SEC. 501. The Director, upon certification from the Secretary of War or the Secretary

of the Navy, as provided in section 301, is hereby directed to issue without cost to the veteran designated therein a non-participating adjusted service certificate (hereinafter in this title referred to as a "certificate") of a face value equal to the amount in dollars of 20-year endowment insurance that the amount of his adjusted service credit increased by 25 per centum would purchase, at his age on his birthday nearest the date of the certificate, if applied as a net single premium, calculated in accordance with accepted actuarial principles and based upon the American Experience Table of Mortality and interest at 4 per centum per annum, compounded annually. The certificate shall be dated, and all rights conferred under the provisions of this title shall take effect, as of the 1st day of the month in which the application is filed, but in no case before January 1, 1925. The veteran shall name the beneficiary of the certificate and may from time to time, with the approval of the Director, change such beneficiary. The amount of the face value of the certificate (except as provided in subdivisions (c), (d), (e), and (f) of section 302) shall be payable out of the fund created by section 305 (1) to the veteran twenty years after the date of the certificate, or (2) upon the death of the veteran prior to the expiration of such twenty-year period, to the beneficiary named; except that if such beneficiary dies before the veteran and no new beneficiary is named, or if the beneficiary in the first instance has not yet been named, the amount of the face value of the certificate shall be paid to the estate of the veteran. If the veteran dies after making application under section 302, but before January 1, 1925, then the amount of the face value of the certificate shall be paid to the

same manner as if his death had occurred after January 1, 1925.

Section 502 contains detailed provisions as to the terms and conditions upon which a loan may be made to a veteran upon his adjusted service certificate.

Sections 505, 506, and 507, under the heading "Adjusted Service Certificate Fund," provide:

> SEC. 505. There is hereby created a fund in the Treasury of the United States to be known as "The Adjusted Service Certificate Fund", hereinafter in this title called "fund". There is hereby authorized to be appropriated for each calendar year (beginning with the calendar year 1925 and ending with the calendar year 1946) an amount sufficient as an annual premium to provide for the payment of the face value of each adjusted service certificate in twenty years from its date or on the prior death of the veteran, such amount to be determined in accordance with accepted actuarial principles and based upon the American Experience Table of Mortality and interest at 4 per centum per annum, compounded annually. The amounts so appropriated shall be set aside in the fund on the first day of the calendar year for which appropriated. The appropriation for the calendar year 1925 shall not be in excess of $[illegible].
>
> SEC. 506. The Secretary of the Treasury is authorized to invest and reinvest the moneys in the fund, or any part thereof, in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the fund.

> SEC. 507. All amounts in the fund shall be available for payment, by the Director, of adjusted service certificates upon their maturity or the prior death of the veteran, and for payments under section 502 to banks on account of notes of veterans.

Title VI, headed "Payments to Veteran's Dependents," provides that:

> SEC. 601. (a) If the veteran has died before making application under section 302, or, if entitled to receive adjusted service pay, has died after making application but before he has received payment under Title IV, then the amount of his adjusted service credit shall * * * be paid to his dependents * * *.

Following are provisions governing payments to dependents.

Title VII contains miscellaneous provisions which are not material in the present case.

THE AMENDATORY ACT OF JULY 3, 1926

Most of the amendments of the World War Adjusted Compensation Act made by this Act are not material in the present case. Section 4 (b) of the Amendatory Act added a new section to read as follows:

FINALITY OF DECISIONS

> SEC. 310. The decisions of the Secretary of War, the Secretary of the Navy, and the Director, on all matters within their respective jurisdictions under the provisions of this Act (except the duties vested in them by Title VII) shall be final and conclusive.

○